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Approved For Release 2008/03/03 : CIA-RDP79T00975A002100320001-1



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2. Malaya election results presage new difficulties for British:

The American consulate in Kuala Lumpur believes the overwhelming victory of the Malay-Chinese-Indian Alliance in Malaya's 27 July elections on a campaign calling

for accelerated self-government presages an early conflict with British authorities. Alliance leaders are "clever enough" to realize that popular support can be solidified through such a conflict.

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The Alliance president has already stated that the present constitution is 'inappropriate and impractical.'

Issues of racialism and religion, which appeared to have had little appeal in the election, are not dead but are subordinate for the moment to overriding anticolonial sentiment.

Comment: The Malay-Chinese-Indian Alliance is a coalition of three political parties representing Malaya's largest racial communities. It won 51 of the 52 seats at stake in the elections and is therefore assured of a majority in the legislative council no matter whom the high commissioner selects for the 46 appointive seats. The Alliance is already on record in favor of a more rapid transfer of power as well as granting amnesty terms to the Communist terrorists.

3. Comment on Indonesian cabinet negotiations:

Vice President Hatta's appointment on 29 July of three cabinet formateurs instead of one should speed the formation

of a new government. The three men selected-former premier Sukiman of the Masjumi, former premier Wilopo of the conservative wing of the National Party, and Assaat, a nonparty man who leans toward the Socialist Party-are believed to be predisposed to co-operate with one another.

The combination is well balanced from the standpoint of Indonesia's numerous political factions and one or another of the three will appeal to each of Indonesia's non-Communist parties. All three are probably also acceptable to the army--a vital necessity.

Hatta has indicated that the new regime should concern itself primarily with settling the army problem and holding national elections, which are scheduled for 29 September. If this limited program is accepted, the formation of a new cabinet should not be too difficult and its membership conceivably could be announced before President Sukarno returns from Mecca on 4 August.

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SOUTH ASIA

4. Comment on Afghanistan demobilization:

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The Afghan Ministry of National Defense announced on 27 July an order for demobilization which was to go into effect the following day. This order is clearly the result of the high cost of maintenance as

well as unruliness among conscripts in the four months of mobilization. Prime Minister Daud's explanation was that there now exists 'no probability of aggression."

The act will probably be presented to Turkey and Saudi Arabia, both of which are still interested in further mediation of the Afghan-Pakistani dispute, as an indication that Afghanistan continues to maintain a reasonable attitude while Pakistan refuses to moderate its demands.

The fact that Daud was unable to maintain mobilization will probably cause a decline in his prestige. From the beginning of the dispute with Afghanistan, Pakistan has sought to undermine Daud's position.

NEAR EAST - AFRICA

5. Moroccan nationalist leaders term United States an 'enemy':

Leaders of Istiqlal, Morocco's dominant nationalist party, have told an American correspondent that the United States is a greater enemy than France

from the viewpoint of the nationalists, as it supplies the French with weapons and connived in the deposition of Sultan Mohamed ben Youssef in 1953.

The nationalists stated that since the United States constructed its air bases without consulting the sultan, they would reopen the question when they gained power. For the time being, however, they will refrain from attacks on the bases or American personnel in order to avoid being accused of being pro-Communist.

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<u>Comment:</u> These statements, while obviously tailored for American consumption, actually do reflect increased nationalist frustration over American support of French policy.

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